

CREDIT SERVICES ORGANIZATIONS ACT

CHANGES

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lyle W. Hillyard

House Sponsor: Ronda Rudd Menlove

LONG TITLE

General Description:

This bill clarifies the relationship between Title 13, Chapter 21, Credit Services Organizations Act, and Title 13, Chapter 42, Uniform Debt-Management Services Act.

Highlighted Provisions:

This bill:

- ▶ provides that a person who provides debt-management services under Title 13, Chapter 42, Uniform Debt-Management Services Act, is not considered a credit services organization under Title 13, Chapter 21, Credit Services Organizations Act;

and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2007.

Utah Code Sections Affected:

AMENDS:

13-21-2 (Effective 07/01/07), as last amended by Chapters 47 and 154, Laws of Utah 2006

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **13-21-2 (Effective 07/01/07)** is amended to read:

30 **13-21-2 (Effective 07/01/07). Definitions -- Exemptions.**

31 As used in this chapter:

32 (1) "Buyer" means an individual who is solicited to purchase or who purchases the
33 services of a credit services organization.

34 (2) "Credit reporting agency" means a person who, for a monetary fee, dues, or on a
35 cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling
36 or evaluating consumer credit information or other information on consumers for the purpose
37 of furnishing consumer reports to third persons.

38 (3) (a) "Credit services organization" means a person who represents oneself or an
39 employee as a debt professional or credit counselor, or, with respect to the extension of credit
40 by others, sells, provides, or performs, or represents that the person can or will sell, provide, or
41 perform, in return for the payment of money or other valuable consideration any of the
42 following services:

43 (i) improving a buyer's credit record, history, or rating; [or]

44 (ii) providing advice, assistance, instruction, or instructional materials to a buyer with
45 regard to Subsection (3)(a)(i)[-]; or

46 (iii) debt reduction or debt management plans.

47 (b) "Credit services organization" does not include:

48 (i) a person authorized to make loans or extensions of credit under the laws of this state
49 or the United States who is subject to regulation and supervision by this state or the United
50 States and who derives at least 35% of the person's income from making loans and extensions
51 of credit;

52 (ii) a depository institution:

53 (A) as defined in Section 7-1-103; or

54 (B) that is regulated or supervised by the Federal Deposit Insurance Corporation or the
55 National Credit Union Administration;

56 (iii) a person licensed as a real estate broker by this state if the person is acting within
57 the course and scope of that license;

- 58 (iv) a person licensed to practice law in this state if:
- 59 (A) the person renders the services described in Subsection (3)(a) within the course and
- 60 scope of the person's practice as an attorney; and
- 61 (B) the services described in Subsection (3)(a) are incidental to the person's practice as
- 62 an attorney;
- 63 (v) a broker-dealer registered with the Securities and Exchange Commission or the
- 64 Commodity Futures Trading Commission if the broker-dealer is acting within the course and
- 65 scope of that regulation; [~~or~~]
- 66 (vi) a credit reporting agency if the services described in Subsection (3)(a) are
- 67 incidental to the credit reporting agency's services[~~;~~]; or
- 68 (vii) a person who provides debt-management services and is required to be registered
- 69 under Title 13, Chapter 42, Uniform Debt-Management Services Act.
- 70 (4) "Extension of credit" means the right to defer payment of debt or to incur debt and
- 71 defer its payment, offered or granted primarily for personal, family, or household purposes.
- 72 **Section 2. Effective date.**
- 73 This bill takes effect on July 1, 2007.